

The Honorable James L. Robart

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

AEROTEL, LTD.; AEROTEL U.S.A., INC.;
and AEROTEL U.S.A., LLC,

Plaintiffs,

v.

T-MOBILE USA, INC.

Defendant.

NO. C07-1957JLR

JOINT MOTION FOR ENTRY OF
SUMMARY JUDGMENT OF NON-
INFRINGEMENT AND STIPULATED
DISMISSAL WITHOUT PREJUDICE OF
DEFENDANT'S COUNTERCLAIMS

NOTE ON MOTION CALENDAR:
January 22, 2010

The parties jointly stipulate and move the Court to enter summary judgment that T-Mobile does not infringe Claim 23 of U.S. Patent No. 4,706,275 (the '275 patent). The parties further jointly stipulate and move that Defendant T-Mobile USA, Inc.'s counterclaims be dismissed without prejudice so the Court can enter a final, appealable judgment of non-infringement of the '275 patent.

I. STIPULATION

1. On December 6, 2007, plaintiffs Aerotel, Ltd., Aerotel U.S.A., Inc. and Aerotel U.S.A., LLC ("Aerotel") filed a Complaint against defendant T-Mobile USA, Inc. ("T-Mobile") alleging infringement of Claim 23 of the '275 Patent. On February 11, 2008, T-Mobile filed its Answer, Defenses and Counterclaims.

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1 2. On December 23, 2009, the Court entered an Order on Claim Construction, in which
 2 various terms in Claim 23 of the '275 Patent were construed. Aerotel now concedes, and T-
 3 Mobile agrees, that under the Court's claim construction, Aerotel cannot prove the allegations
 4 in the Complaint that T-Mobile infringed Claim 23 of the '275 Patent because certain claimed
 5 elements (discussed in ¶¶ 3-9 hereinbelow) were absent from T-Mobile's prepaid telephone
 6 service.

7 3. The Court construed the phrase "dialing said special exchange" in step (c) of Claim
 8 23 as meaning "the user enters the telephone number of the special exchange by dialing the
 9 number on a telephone." Under the Court's claim construction, Aerotel cannot show
 10 infringement because the T-Mobile prepaid subscriber did not dial the telephone number of a
 11 special exchange.

12 4. In addition, because the Court's construction of the phrase "dialing said special
 13 exchange" requires that "the user," meaning the calling party, "enter[] the telephone number of
 14 the special exchange by dialing the number on a telephone," Aerotel cannot establish direct
 15 infringement by T-Mobile of Claim 23 of the '275 Patent.

16 5. In the Order on Claim Construction, the Court construed Claim 23 to require that the
 17 steps of the method be performed sequentially in the order listed. In Claim 23, the step of
 18 inputting the special code and the number of the called party (step (d)) is listed after each of the
 19 steps (a) through (c) recited below:

20 (a) issuing a valid special code to a calling party when a
 21 prepayment amount is deposited to the credit of said calling
 party;

22 (b) storing the prepayment amount in a memory in a special
 23 exchange; and

24 (c) dialing said special exchange when the calling party wishes to
 25 make a telephone call to a called party.

1 Under the Court's claim construction Aerotel cannot show that in T-Mobile's prepaid
2 telephone service the step of inputting the special code was performed after at least step (c)
3 recited above.

4 6. The Court construed "connecting the calling party to the called party only if the
5 special code inputted by the calling party is a valid special code" (step (e) in Claim 23) to mean
6 "that a call or a sequence of calls will not be connected unless the calling party first enters a
7 valid special code." The Court further stated that "the patent contemplates that the code be
8 entered each time the caller connects to the special exchange." Under the Court's claim
9 construction, Aerotel cannot show that the step of inputting the special code was performed by
10 the T-Mobile prepaid subscriber each time he/she was connected to the special exchange.

11 7. In addition, because the Court's construction of the phrase "inputting the special
12 code and the number of the called party" requires that "the calling party" enter the special code
13 and the telephone number of the called party, Aerotel cannot establish direct infringement by
14 T-Mobile of Claim 23 of the '275 Patent.

15 8. The Court has construed the phrase "monitoring the running cost of the call" to
16 mean continuously calculating the cost of the call. T-Mobile's Prepaid System does not
17 continuously calculate the cost of the call during the call. Therefore, Aerotel cannot prove that
18 T-Mobile's Prepaid System performs the monitoring as construed by the Court.

19 9. The Court construed Claim 23 to require that the deducting step (h) occur after the
20 disconnecting step (g) in Claim 23, and construed step (h) to mean "reducing the initial
21 prepayment amount by the running cost of the call at the end of the call". Because T-Mobile's
22 Prepaid System deducted the running cost at time intervals during the call and at the end of the
23 call, Aerotel cannot demonstrate that the T-Mobile Prepaid System reduced the initial
24 prepayment amount by the running cost of the call at the end of the call.

10. The parties agree that should Aerotel be permitted to reassert its infringement claims, T-Mobile shall be permitted to reassert its dismissed counterclaims without motion to the Court. The parties further stipulate and agree that T-Mobile does not waive, and explicitly preserves its right to make, non-infringement arguments that are not asserted in this joint motion.

11. The parties agree that this motion does not operate as a waiver of any right to appeal.

12. The parties agree that T-Mobile shall delay the filing of motions for costs and fees until the later to occur of thirty (30) days after the entry of the final judgment contemplated by this stipulation, or the entry of a mandate affirming the judgment of non-infringement. The parties agree that T-Mobile does not waive its opportunity to seek fees and costs by delaying the filing of motions for fees and costs in this fashion and that Aerotel will not assert waiver or non-entitlement to fees and costs based on failure to timely request such relief, providing that T-Mobile files motions for fees and/or costs within the time limits contemplated by this paragraph.

13. Based upon the foregoing, the parties jointly move the Court to enter summary judgment of non-infringement of the '275 Patent. The parties further jointly move and stipulate that Defendant T-Mobile's counterclaims be dismissed without prejudice so the Court can enter a final, appealable judgment of non-infringement of the '275 patent.

DATED this 22nd day of January, 2010.

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JOINT MOTION FOR ENTRY OF SUMMARY JUDGMENT OF
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[PROPOSED] ORDER GRANTING JOINT MOTION FOR SUMMARY JUDGMENT OF
NON-INFRINGEMENT AND STIPULATED DISMISSAL WITHOUT PREJUDICE OF
DEFENDANT'S COUNTERCLAIMS

The parties jointly moved the Court for entry of summary judgment that T-Mobile does not infringe Claim 23 of U.S. Patent 4,706,275 ("the '275 Patent"), and for dismissal without prejudice of T-Mobile's counterclaims. Based on the foregoing Joint Motion and Stipulation of plaintiffs Aerotel, Ltd., Aerotel U.S.A., Inc. and Aerotel U.S.A., LLC ("Aerotel") and defendant T-Mobile USA, Inc. ("T-Mobile"), the Court hereby Orders as follows:

1. The Court GRANTS the parties' joint motion for Summary Judgment that T-Mobile does not infringe Claim 23 of the '275 Patent;

2. T-Mobile's counterclaims are dismissed without prejudice;

3. The Court makes no adjudication with respect to and this judgment shall have no effect on either the validity or enforceability of the '275 Patent;

4. The Complaint in this action is dismissed with prejudice; and

5. T-Mobile shall delay the filing of motions for costs and fees until the later to occur of thirty (30) days after the entry of this final judgment, or the entry of a mandate affirming the judgment of non-infringement. T-Mobile shall not be deemed to have waived its opportunity to seek fees and costs by failing to file motions for fees and/or costs within the time limits set by Rule 54 of the Federal Rules of Civil Procedure and the Local Rules of this Court, providing that T-Mobile files motions for fees and/or costs within the time limits contemplated by this paragraph.

The Clerk of the Court is directed to forward copies of this Order to counsel of record.

DATED this ____ day of January, 2010.

James L. Robart
UNITED STATES DISTRICT JUDGE

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